

GOVERNMENT OF INDIA
MINISTRY OF MINES
LOK SABHA
UNSTARRED QUESTION NO.1767
TO BE ANSWERED ON 28TH DECEMBER, 2017

New Mineral Auction Rules

1767. DR. KULAMANI SAMAL:

Will the Minister of MINES be pleased to state:

- (a) whether it is a fact that certain initiatives have been taken by the Government to ease the auction process of minerals in the country and if so, the details thereof;
- (b) whether there was any flaw in the previous auction rules due to which it was difficult to attract the bidders and if so, the details thereof;
- (c) the details of amendments made to the previous auction rules;
- (d) whether only 33 blocks of different minerals have been successfully auctioned since May, 2015 after introduction of new mineral auction rules; and
- (e) if so, the details thereof indicating the mineral blocks and the successful bidders involved in the auction process?

ANSWER

THE MINISTER OF STATE FOR MINES (SHRI HARIBHAI PARTHIBHAI CHAUDHARY)

(a) to (c): The Mines and Minerals (Development and Regulation) (MMDR) Act, 1957 was amended through the MMDR Amendment Act, 2015 which deemed to have come into effect from 12th January, 2015 . One of the most important provisions of the MMDR Amendment Act, 2015 is the grant of mineral concessions, for major minerals, through auction by competitive bidding which is a transparent and non-discriminatory method as against the earlier method of first-come-first-serve basis.

In pursuance of the MMDR Amendment Act 2015, the Central Government made the Mineral (Auction) Rules, 2015 which were published in the Official Gazette vide notification No. G.S.R. 406(E) dated 20.05.2015. The Ministry of Mines extended handholding support to states to familiarize and facilitate them for rolling out the transparent auction regime through agencies such as IBM, MECL, MECON, SBICAPS and MSTC. The Mineral (Auction) Rules, 2015 had served well since its notification and so far 33 mineral blocks have been successfully auctioned by various states. The Ministry is in regular consultation with the States to facilitate the auction process and to address any difficulty. It was, however, felt that the provisions of these rules may be revisited on the experience gained from the working of these rules in the auction process in the past two years.

Accordingly, the Mineral (Auction) Rules, 2015 have been amended through the Mineral (Auction) Amendment Rules, 2017 to make the auction procedure simpler. The Mineral (Auction) Amendment Rules, 2017 have been published in the Official Gazette vide notification No. G.S.R.1469 (E) dated 30.11.2017. The salient features of amended rules are given below:

- (i) Extending the applicability of Mineral (Auction) Rules, 2015 to the minerals specified in Part B of the First Schedule to the MMDR Act having grade below the threshold value as prescribed under the Atomic Minerals Concession Rules, 2016.
- (ii) Allowing the end users to sale the mineral equivalent to twenty five percent of total mineral excavated in the previous financial year, for which the end use was specified.
- (iii) Providing relaxation to the state governments in auction process by allowing them to continue with even less than three technically qualified bidders in the second attempt. Under the old rules the process of auction was annulled if there are less than 3 bidders and this process used to be carried out for at least for 3 rounds. Now with the amended rules, while a minimum of 3 bidders is still stipulated in first attempt of auction, the states have the flexibility of allocating the block in the 2nd round itself even if there are less than 3 bidders.
- (iv) Incorporation of the provisions for executing the mining lease deed within three years which is extendable upto a maximum period of five years.
- (v) Relaxing the eligibility criteria for bidders in respect of mining lease as well as the composite licence. Reduction in the requirement of net worth for the prospective bidders. In practical terms for an average annual production of up to Rs. 2 Crore, the net worth required was Rs. 4 Crore, which is reduced to Rs.0.5 Crore. For an average annual production up to Rs. 20 Crore the net worth required was Rs. 40 Crore which has been reduced to Rs. 10 Crore.
- (vi) The amended rules have also provided adjustment of the upfront premium to be adjusted against the due payments of miner at the earliest.

(d) to (e): Total 33 blocks of different minerals have been auctioned since May 2015. The details of auction of these blocks are at **Annexure**.

Annexure

Details of Mineral Blocks & their successful bidders as per information received from the State Governments

S No	State	Mineral Block	Successful Bidder
1	Andhra Pradesh	Gudipadu	Penna Cements
2		Erragudi-Hussainapuram –Yanakandla	Sree Jayajothi Cements Pvt Ltd.
3		Nandavaram –Venkatapuram	Sree Jayajothi Cements Pvt Ltd.
4	Chhattisgarh	Baghmara, Balodabazar-Bhatapara	Vedanta Ltd.
5		Kesla, Raipur	Century Cement
6		Karhi Chandi, Balodabazar-Bhatapara	Shree Cement
7		Kesla- II, Raipur	Dalmia (Bharat) Cement
8	Jharkhand	Hariharapura Lem-Bicha Block I, Ramgarh	Burnpur Cement plant
9		Hariharapura Lem-Bicha Block II, Ramgarh	Burnpur Cement plant
10		Pahadia, Singhbhum West	Maithan Ispat Ltd.
11		Parasi Gold and Associated Minerals, Tamar Block, District Ranchi	Rungta Mines Ltd.
12	Odisha	Kottameta, Malkangiri	Dalmia Cements (Bharat)
13		Lasarda-Pacheri, Kendujhar	Thriveni Earth Movers Pvt Ltd.
14		Ghoraburhani-sagasahi, Sundargarh	Essar Steel
15		Kalamang West (Northern Part) , Sundergarh	Bhushan Steel Ltd.
16		Netrabandha Pahar, Sundargarh	Bhushan Power & Steel Ltd.
17	Rajasthan	Sindwari, Ramkhera, Satkhanda Block- B, Chittaurgarh	Dalmia Cement (Bharat)
18	Rajasthan	3B1-(a) n/v Deh of tehsil JayalDistrict Nagaur	Emami Cement
19		3B1-(b) n/v Deh of tehsil JayalDistrict	Emami Cement

		Nagaur	
20		3D1, n/v Harima-Pithsar, Tehsil & District Nagaur	Ambuja Cement Ltd.
21	Karnataka	Rama Rao Paol, ML. No. 2621, Ramgad, Bellary	JSW Ltd.
22		M/s Lakshminaayan Mining company, ML. NO. 2487, Karadikolla, Bellary	MSPL Ltd.
23		M/s Tungabhadra Minerals Pvt. Ltd. ML. No. 2365, Ittanahalli, Bellary	JSW Ltd.
24		M/s Tungabhadra Minerals Pvt. Ltd. ML. No. 2366, Ittanahalli, Bellary	JSW Ltd.
25		Karthikeyas Manganese, ML No. 2559, Swamimalai range, Bellary	MSPL Ltd.
26		Hothur Traders, ML No. 2313, Malgolla, Bellary	JSW Ltd.
27		V S Lad & Sons, ML. NO. 2290, Sandur, Bellary	JSW Ltd.
28		Madhya Pradesh	Hatupur Block, Brijpur, District- Panna
29	Gujarat	Mudhvay Sub-block B, kachchh	Shree Cement Ltd.
30		Mudhvay Sub-block C, kachchh	Adani Cementation Ltd.
31		Mudhvay Sub-block D, kachchh	JSW Cement Ltd.
32	Maharashtra	Chitale-Watangi, District Kohlapur	Gamma Iron India Ltd.
33		Nandgaon Ekodi, District Chandrapur	Ambuja Cements Ltd.